

HOUSE BILL 361

By Rowland

AN ACT to amend Tennessee Code Annotated, Title 47,  
Chapter 18 and Title 55, Chapter 17, relative to  
motor vehicle transactions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 47, Chapter 18, Part 1, is amended by  
adding the following language as a new section:

Section 47-18-129.

(a) A consumer purchasing a motor vehicle from a motor vehicle dealer licensed  
by the motor vehicle commission pursuant to title 55, chapter 17, may void the motor  
vehicle transaction by returning the vehicle to the dealer within three (3) days from the  
date of notice from the dealer that financing was not obtained and when:

(1) Such motor vehicle transaction is conditioned on final approval of  
financing; and

(2) The motor vehicle dealer fails to obtain such financing within three (3)  
days after the vehicle is delivered to the consumer.

(b) If a sale or lease of a motor vehicle from a motor vehicle dealer licensed by  
the motor vehicle commission pursuant to title 55, chapter 17, to a consumer is  
conditioned on final approval of financing by a lender or lessor, the motor vehicle dealer  
shall:

(1) Use its best efforts to obtain financing arrangements;

(2) Promptly inform the consumer if the dealer is unable to obtain  
financing;

(3) If financing arrangements have not been approved within three (3)  
days after the vehicle is delivered to the consumer, notify the consumer of the

option to void the motor vehicle transaction by returning the vehicle to the dealer pursuant to subsection (a);

(4) Retain ownership and possession of any vehicle used by the consumer as consideration, commonly known as a "trade-in" vehicle, until the financing arrangements are final and accepted by the consumer; and

(5) Return to the consumer any consideration, including any trade-in vehicle, if financing arrangements are not approved within three (3) days, and the consumer exercises the option to void the motor vehicle transaction by returning the vehicle to the dealer pursuant to subsection (a).

(c) A consumer exercising the option to void a motor vehicle transaction pursuant to subsection (a) may be charged a reasonable, daily rental rate for the actual use of the motor vehicle, but shall not be responsible for any additional penalties or fees.

(d) Any contract which seeks to waive or modify the requirements of this section shall be void.

(e) A violation of this section constitutes an unfair and deceptive act or practice and shall entitle an aggrieved consumer to applicable remedies pursuant to this part.

SECTION 2. This act shall take effect July 1, 2007, the public welfare requiring it.